

Project Name: EBT Re-Procurement Project

Agency: Department of Human Services

Business Unit/Program Area: Economic Assistance – Food Assistance

Project Sponsor: Arlene Dura and Jenny Witham

Project Manager: Val Brostrom

Project Description
Food Stamp Program must re-procure a vendor to provide Electronic Benefits Transfer (EBT) of food stamp benefits.

Business Need or Problem
<p>It was fourteen years ago that the Department of Social Services in South Dakota and Department of Human Services in North Dakota signed a Memorandum of Understanding to work cooperatively to establish and implement a joint Electronic Benefits Transfer system for the purpose of administering Food Stamp benefits via debit cards. The contract was awarded to Citicorp Electronic Financial Services in June 1995 now known as JP Morgan Financial Services, Inc. The initial contract was for one 2-year term plus three 2-year contract extensions. As a result of Welfare Reform and the dramatic drop in caseload sizes we re-negotiated for an additional three 2-year extensions. The contract terms currently runs through June 30, 2009. This project has successfully worked to provide system efficiencies and cost savings to both states. We estimate that taxpayers continue to save approximately 35% of the costs formerly associated with the distribution of Food Stamp coupons and associated administrative costs.</p> <p>North Dakota and South Dakota utilize a single number for the Customer Service Helpline, and three numbers for the retailer helpline. The BIN number for the Dakota Project is 508132 with the 7th digit designating the specific state. Over-the-counter card issuance is completed at each of the local county offices via card activation devices.</p> <p>In light of the fact that there are now four USDA/FNS certified EBT contractors and recent re-procurements have been offered a decrease in the cost per case month fees, USDA/FNS is requiring that we issue an RFP. Additionally, because of this successful state to state cooperative effort, we completed a Joint Powers Agreement for the joint re-procurement activities for a future EBT system.</p> <p>The current contract with JP Morgan (formerly Citibank) expires June 30, 2009. Food and Nutrition Services requires Re-procurements to begin 30 months before the “go live” date.</p> <p>The respondent shall provide costs within the defined categories as follows:</p> <ul style="list-style-type: none">• EBT system Design and Development – Respondents shall provide costs directly related to the design, development, and testing of the EBT system being provided to the State. The cost for the interfaces to the State’s eligibility system should be included in this category. (This cost has been included in our Data Processing base budget request.)• EBT-only Terminal Conversion Costs – Respondents shall provide costs related to the transition of EBT-only retailers from the current EBT Contractor to the Respondent’s EBT system. Costs to be included in this category are the costs to deploy the new POS terminal, train retailers, and retailer transaction acquiring costs until the EBT database has been converted.• EBT Database Conversion Costs – Respondents shall provide costs related to the conversion of the EBT Database from the current Contractor to the Respondent’s EBT system. These costs shall include development and testing of conversion programs, performing mock conversion, and performing the actual database conversion.• EBT card Issuance Costs – Respondents shall provide costs related to the design, development and testing of the card issuance process.

Key Metrics

Project Start Date	Estimated Length of Project	Estimated Cost
August 1, 2008	September 2009	\$320,000

Benefits to Be Achieved	
Project Objectives	Measurement Description
Reduce transaction costs	The CPCM (cost per case month) will be less than what DHS is currently paying
Implement new equipment with minimal disruption to service.	Stores will have less than 5% downtime during the transition.
Maintain current level of customer service during the transition to a new vendor.	Keep the number of client complaints received during the procurement process to current levels or lower.

Cost/Benefit Analysis
<p>Anticipated Benefits: The EBT benefits continue on schedule and change to the recipient is minimized. A much lower CPCM (cost per case month) is anticipated.</p> <p>Cost Estimate: \$500,000</p> <p>Cost/Benefit Analysis: We continue providing Food Stamp benefits via EBT cards and remain in federal compliance. The budget for issuance for the 2007-2009 biennium is \$107,017,992.00.</p>

Key Constraints or Risks
<ul style="list-style-type: none"> • The replacement system successfully tested and operational by June 30, 2009. • Financing will come from the Food Assistance budget with a 50% match from FNS. • Must be in compliance with the following federal regulations (7 CFR Sections 274 and 277, the FNS 901 Handbook, and all other applicable federal and state laws and regulations). • Continue to operate the program in compliance with all federal regulations using current performance standards with the number of staff currently in the unit. • North Dakota state law requires the use of the Bank of North Dakota, a state-owned bank, as the concentrator bank for North Dakota originated benefit transactions.